

Message Text

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ACTION EB-07

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TAGS: ETEL, SU

SUBJECT: MAJOR PROJECT: DOMESTIC SATELLITE SYSTEM AWARDED
TO AMERICAN FIRM

REF: KHARTOUM 1230

BEGIN UNCLASSIFIED.

1. A SUBSIDIARY OF HARRIS CORPORATION OF CLEVELAND, OHIO SIGNED ON SEPTEMBER 19 AN \$18 MILLION CONTRACT FOR THE CONSTRUCTION OF A SUDANESE DOMESTIC SATELLITE SYSTEM (SUDOSAT). TOTAL PROJECT WILL COST \$29 MILLION. CONTRACT WAS WON AFTER INTENSE COMPETITION WITH TWO JAPANESE SUPPLIERS, NEC AND MITSUBISHI.

2. SUDOSAT WILL INCLUDE 14 FIXED EARTH STATIONS LOCATED IN THE SIX SOUTHERN PROVINCIAL CAPITALS AND NYALA, EL FASHER, EL OBEID, KADUGLI, DAMAZIN, DONGALA, WADI HALFA AND KARIMA. FIRST STATION AT NYALA IS SCHEDULED TO BE COMPLETED BY EDUCATION DAY IN FEBRUARY OF 1977 FOR OPENING BY PRESIDENT NIMEIRI. ALL EARTH STATIONS ARE TO BE INSTALLED BY END OF 1977. SYSTEM WILL BE COMPATIBLE WITH EXISTING

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INTELSAT STATION. END UNCLASSIFIED.

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3. COMPETITION BETWEEN HARRIS AND JAPANESE WAS INTENSE. IN DECEMBER, 1976 THE ARAB INVESTMENT COMPANY AGREED TO PROVIDE \$7 MILLION FOR 7 YEARS AT 2 PERCENT OVER LIBO. WITH PARTIAL FINANCING IN HAND, TENDER WAS ISSUED. ONLY 1 OF 4 PRE-QUALIFIED AMERICAN FIRMS SUBMITTED BID IN JULY. TECHNICAL COMMITTEE GAVE HARRIS THE NOD, BUT MINFIN PREFERRED JAPANESE BECAUSE OF THEIR FINANCING (8 YEARS AT 8 PERCENT WITH 18 MONTH GRACE PERIOD). REPORTEDLY, MINISTER OF TRANSPORTATION AND COMMUNICATIONS ABBADI, STRONGLY SUPPORTED AMERICAN PROPOSAL THROUGHOUT. BOTH HARRIS AND JAPANESE REDUCED PRICES. NEC REPORTEDLY DROPPED FROM \$25 MILLION TO \$21 MILLION. HOWEVER, KEY COMPETITIVE POINT APPEARS TO HAVE BEEN GOS DECISION TO WITHDRAW CLAUSE RELATING TO THIRD COUNTRY GUARANTEE OF FINANCING. AT THIS POINT, JAPANESE BACKED OFF. HARRIS PUT TOGETHER \$12 MILLION IN COMMERCIAL FINANCING FOR 5 YEARS FROM CITIBANK, FIRST CHICAGO LTD. OF LONDON AND UBAF OF LONDON. THESE BANKS APPARENTLY ACCEPTED LACK OF THIRD COUNTRY GUARANTEES.

4. DIRECTOR TELECOMMUNICATIONS MUSTAFA AWAD ALLAM TOLD ECON OFFICER SEPTEMBER 20 THAT HE STILL HAD TO RAISE \$10 MILLION FOR THIS PROJECT IN NEXT SIX MONTHS. HE HOPES THAT ISLAMIC BANK WILL PROVIDE FINANCING. HARRIS WILL ALMOST AUTOMATICALLY GET CONTRACT FOR REMAINING \$10 MILLION PLUS AS SOON AS FINANCING FOUND.

5. AT LAST MINUTE GOS ASKED HARRIS TO INCLUDE 200 THOUSAND KILOWATT MEDIUM WAVE RADIO TRANSMITTER FOR JUBA. APPARENTLY, THIS REQUEST WAS MADE FOR SECURITY REASONS TO PROVIDE ALTERNATE SOURCES OF PUBLIC INFORMATION IF RADIO OMDURMAN WERE CLOSED. ALLAM SAID KHARTOUM WOULD RECEIVE CLEAR SIGNALS FROM THIS STATION AT NIGHT. HE ADDED THAT MUCH MORE

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POWERFUL 1.5 MILLION KILOWATT STATION IS BEING BUILT BY CZECHOSLOVAKIA AT SENNAR.

6. COMMENT: AWARED OF THIS CONTRACT TO HARRIS MEANS THAT AMERICAN COMPANIES HAVE MADE ALMOST CLEAN SWEEP IN WINNING MAJOR GOS TELECOMMUNICATION PROJECTS. AMERICAN ROLE HAS HIGH VISIBILITY. PAGE COMMUNICATIONS HAS WON INTELSAT STATION, \$14 MILLION MICRO-WAVE

SYSTEM AND HIGH FREQUENCY MILITARY COMMUNICATION
SYSTEM. HARRIS' SUDOSAT AWARD LARGELY COMPLETES
NETWORK. SUDAN WITHIN TWO YEARS PROBABLY WILL
HAVE BEST TELECOMMUNICATIONS SYSTEM IN AFRICA,
ABLE TO PROVIDE 90 PERCENT OF LARGEST COUNTRY ON
CONTINENT IN AREA WITH TELEPHONE, TELEGRAPH AND
TELEVISION SERVICES. DEVELOPED TELECOMMUNICATIONS
SECTOR SHOULD HAVE MAJOR IMPACT ON PRESIDENT
NIMEIRI'S PRIMARY GOALS OF ESTABLISHING NATIONAL
UNITY AND SUPPORTING ECONOMIC DEVELOPMENT.
BOGOSIAN

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